



Workday Deceased Employee Payroll Processing

There are two different ways to pay final wages due to the death of an employee, depending on the date of death and the date of payment. The first is when the final check(s) are paid during the same year of the employee's death. The second is when final check(s) are paid after the year of the employee's death (employee died 2022, final check paid 2023). Below are explanations covering both ways of payout.

Title 74, O.S., Section 840-2.18 authorizes any longevity payment to be paid to the decedent's surviving spouse, else the amount goes to the estate or designated beneficiary. If all wages and benefit payments are to be made to a designated beneficiary, per Title 40, O.S., Section 165.3a, these arrangements must be made by the employee with the agency prior to his/her death. Otherwise, all wages earned by an employee, not exceeding \$3,000.00, shall, upon the employee's death, become due and payable to the employee's surviving spouse, or if there is no surviving spouse, the dependent children, or their guardians or the conservators of their estates, in equal shares, without the necessity of a probate court action and anything above the \$3,000.00 limit will be paid to the estate of the employee.

The employee's direct deposit payment election must be removed and all net pay must be processed as a miscellaneous deduction through accounts payable.

Same year payout:

Final checks paid due to the death of an employee during the same year of death are only subject to Social Security and Medicare withholding and reporting. Amounts that would have been reported as federal and state wages on the W-2 will be reported on a 1099-MISC to the recipient(s).

The following payroll inputs will need to be entered to remove the federal and state wages and tax withholdings:

Pay Component: Federal Withholding

Period **Start Date** and **End Date**: Enter the applicable dates for period(s) that will be used for payouts after the date of death.

Processing Defaults: One-time*, Override, Regular Run Category.

Payroll **Worktags**: Federal (auto populates).

Select **OK** to continue.

Input Details: Add eight rows.

Payroll Input lines:

- Regular Tax, Value = 0.
- Gross Wages, Value = 0.
- Subject Wages, Value = 0.
- Taxable Wages, Value = 0.
- Regular Taxable Wages, Value = 0.
- Standard Withholding Wages, Value = 0.
- Standard Withholding Calculated Tax, Value = 0.
- Additional Amount, Value = 0 (if applicable).

Review and select **OK** to continue, then select **Done**.

Pay Component: State Withholding (Work)

Period **Start Date** and **End Date**: Enter the applicable dates for period(s) that will be used for payouts after the date of death.

Processing Defaults: One-time*, Override, Regular Run Category.

Payroll **Worktags**: US States > State: Oklahoma (If work state is not OK, then enter applicable state).

Input Details: Add five rows.

Payroll Input lines:

- Regular Tax, Value = 0.
- Gross Wages, Value = 0.
- Subject Wages, Value = 0.
- Taxable Wages, Value = 0.
- Additional Amount, Value = 0 (If applicable).

Review and select **OK** to continue, then select **Done**.

Pay Component: State Withholding (Resident)

If the employee lives in one state and works in Oklahoma, enter the same payroll inputs for the resident state using the steps as the work state above. Reference the prior paycheck if needed.

*Select **One-time** if only one payment is to be made. Select **Ongoing** for multiple payments or an extended period for payments being made.

State Unemployment:

Go to **Actions > Payroll > Add US Tax Elections**:

- Enter the applicable effective date and select **OK**.
- Go to the **State** tab.
- Under **Unemployment Insurance**, add a row.
- Check the box under **Exempt** and select **OK**.

Next year payout:

If an employee's final pay due to death is paid during the following year, the wages are NOT subject to W-2 reporting. The wages paid will NOT show as part of any taxable wages and there will be NO tax withholdings. Amounts that would have been reported as federal and state wages on a W-2 will be reported on a 1099-MISC to the recipient(s).

The following payroll inputs will need to be entered to remove the federal and state wages and tax withholdings:

Pay Component: Federal Withholding

Period **Start Date** and **End Date**: Enter the applicable dates for period(s) that will be used for payouts after the date of death.

Processing Defaults: One-time*, Override, Regular Run Category.

Payroll **Worktags**: Federal (auto populates).

Select **OK** to continue.

Input Details: Add eight rows.

Payroll Input lines:

- Regular Tax, Value = 0.
- Gross Wages, Value = 0.
- Subject Wages, Value = 0.
- Taxable Wages, Value = 0.

- Regular Taxable Wages, Value = 0.
- Standard Withholding Wages, Value = 0.
- Standard Withholding Calculated Tax, Value = 0.
- Additional Amount, Value = 0 (if applicable).

Review and select **OK** to continue, then select **Done**.

Pay Component: State Withholding (Work)

Period **Start Date** and **End Date**: Enter the applicable dates for period(s) that will be used for payouts after the date of death.

Processing Options: One-time*, Override, Regular Run Category.

Payroll **Worktags**: US States > State: Oklahoma (If work state is not OK, then enter applicable state).

Select **OK** to continue.

Input Details: Add five rows.

Payroll Input lines:

- Regular Tax, Value = 0.
- Gross Wages, Value = 0.
- Subject Wages, Value = 0.
- Taxable Wages, Value = 0.
- Additional Amount, Value = 0 (If applicable).

Review and select **OK** to continue, then select **Done**.

Pay Component: State Withholding (Resident)

If the employee lives in one state and works in Oklahoma, enter the same payroll inputs for the resident state using the steps as the work state above. Reference the prior paycheck if needed.

*Select **One-time** if only one payment is to be made. Select **Ongoing** for multiple payments or an extended period for payments being made.

The following payroll inputs will need to be entered to remove the OASDI and Medicare wages and tax withholdings:

You will enter the following pay components for BOTH the Employee and Employer.

Period **Start Date** and **End Date**: **Enter the applicable dates for period(s) associated with the payment date(s) in the following year that will be used for payouts after the date of death.**

Processing Defaults: One-time*, Override, Regular Run Category.

Payroll **Worktags**: Federal (auto populates).

Select **OK** to continue.

Pay Component: OASDI

Input Details: Add three rows.

Payroll Input lines:

- Gross Wages, Value = 0.
- Subject Wages, Value = 0.
- Taxable Wages, Value = 0.

Review and select **OK** to continue, then select **Done**.

Repeat for OASDI (ER).

Pay Components: Medicare

Input Details: Add three rows.

Payroll Input lines:

- Gross Wages, Value = 0.

- Subject Wages, Value = 0.
- Taxable Wages, Value = 0.

Review and select **OK** to continue, then select **Done**.

Repeat for Medicare (ER).

Pay Component: Additional Medicare – Employee Only (if applicable)

Input Details: Add three rows.

Payroll Input lines:

- Gross Wages, Value = 0.
- Subject Wages, Value = 0.
- Taxable Wages, Value = 0.

Review and select **OK** to continue, then select **Done**.

*Select **One-time** if only one payment is to be made. Select **Ongoing** for multiple payments or an extended period for payments being made.

State Unemployment:

Go to Actions > Payroll > Add US Tax Elections:

- Enter the applicable effective date and select **OK**.
- Go to the **State** tab.
- Under **Unemployment Insurance**, add a row.
- Check the box under **Exempt** and select **OK**.

Payroll processing

Process payroll as needed and review the results for accuracy, noting the net pay amount. **ALL** net pay will be processed through the **Surviving Spouse/Beneficiary** deduction.

The agency will need to enter a payroll input to process:

Pay Component: Surviving Spouse/Beneficiary

Processing Options: One-time*, Adjustment, Regular Run Category.

Payroll Input line

- Amounts, Value = Full Net Pay \$\$ Amount.

*Select **One-time**. If additional payments are to be made, then new payroll inputs will be needed with the correct net pay amount for those payrolls.

Note: The Surviving Spouse/Beneficiary deduction amount will go to PeopleSoft Financials to account 633190 in the 99400 class-funding. This is where the amount(s) will be paid from when the AP voucher is created.

Submit payroll claim document and budget report for the payroll to be completed.

Payment processing

Determine if your agency provides employees the option of designating a beneficiary for wages and benefits payable upon an employee's death. If the agency provides this option and the employee has designated a beneficiary for wages and benefits, then the agency will need to get a completed IRS Form W-9 from each beneficiary(ies) and submit to OMES CAR Supplier Registration to request a vendor ID. If there are no beneficiary designations, Title 40, O.S., Section 165.3a states the wages can be paid to

the surviving spouse, or if there is no surviving spouse, the dependent children, or their guardians or the conservators of their estates up to \$3,000.00. The agency will need to get a completed [IRS Form W-9](#) from the individual(s) and submit to OMES CAR Supplier Registration to receive vendor IDs.

Payments made to a payee other than the estate, such as a beneficiary, spouse, dependents, guardians, or other legally appointed individual or entity of the deceased employee that are made through AP require submission of IRS Form W-9 to be completed. All forms should be submitted to OMES CAR Supplier Registration via email to: payee.update.request@omes.ok.gov or faxed to 405-522-3663, Attn: CAR Supplier Registration. Payments will be made via paper warrant, not EFT.

For payment to the estate, request to add or update a deceased employee vendor file to be made payable to the "Estate of ..." an employee when the estate does not maintain a separate EIN for tax reporting purposes. This can be submitted by the agency using the [Employee Vendor Request Form](#) found on the OMES website under Services > Accounting and Reporting > Forms. When completing the form, the agency should enter the following:

- Agency Instructions – Other, Deceased EMP Update.
- Employee Names as 'Estate of' with employee name (e.g., Estate of John Doe).
- Employee SSN.
- EMPLID.
- Mailing address for payment.

Changes on an existing vendor file will be processed to change the payee name to be payable to the estate and a new address and payment location will be created. Payments to the estate will be made via paper warrant, not EFT.

If an agency is presented an affidavit by or on behalf of a successor as discussed in 58 O. S. § 393, contact OMES CAR Payroll Reporting for additional guidance on processing payment(s).

Reporting required

Once payrolls have been processed and payments made, complete [OMES Form DER](#), Deceased Employee Reporting. The form is located on the OMES website under: Services > Accounting and Reporting > CAR Forms. The information provided on this form will be used for year-end reporting of amounts paid after the date of death. Submit the completed form to payrollreporting@omes.ok.gov. For assistance, please contact OMES CAR Payroll Reporting at 405-522-1099 or 405-522-6300.